

## **Assembly Joint Resolution No. 6**

### **RESOLUTION CHAPTER 92**

Assembly Joint Resolution No. 6—Relative to elder citizens.

[Filed with Secretary of State September 1, 2009.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AJR 6, Beall. Elder Economic Security Standard Index.

This measure would memorialize the President and the Congress of the United States to ensure economic security for all elders by taking several actions, including ensuring that federal policies and programs enable all elders and their families to meet their basic needs and using the Elder Economic Security Standard Index to modernize all federal poverty measures and guidelines, recalculate the number and demographic profile of elders whose basic needs are not being met, and evaluate the impact of public supports and any current or new federal initiatives to help elders age in place.

WHEREAS, The United States Census Bureau projects that the population of people 65 years of age and older is expected to more than double from the year 2000 to the year 2030, both nationally and in California. People 65 years of age and older comprised 10.6 percent of California's population in 2000 but will be 11.5 percent of the state's population by 2010, and 17.8 percent in 2030; and

WHEREAS, There are 75 million baby boomers, 42 to 60 years of age, inclusive, and the oldest members of this generation will reach 65 years of age in less than five years. According to the 2005 Retirement Confidence Survey conducted by the Employee Benefit Research Institute, "By 2030, when all baby boomers have retired, retirees will have at least \$45 billion less in retirement income than they need to cover basic living and health expenses." Coupled with the current financial crisis that has erased tens of billions more from their retirement accounts, it is, therefore, in the best interest of the nation, the state, and our economy to ensure that California's elders have enough income to meet their basic needs and maintain their independence in the community; and

WHEREAS, The United States Department of Health and Human Services uses the Federal Poverty Guidelines as a benchmark to determine eligibility for public assistance programs, and the Federal Poverty Guidelines are derived from the United States Census Bureau's Federal Poverty Thresholds, which are used to determine poverty rates. In 2008, the Federal Poverty Guidelines were \$10,400 for a one-person household and \$14,000 for a two-person household. In 2007, the official poverty rate for the total

population was 12.5 percent, according to the most recent calculation by the United States Census Bureau; and

WHEREAS, The Federal Poverty Guidelines are an inadequate and antiquated measurement tool that uses a nearly 50-year-old methodology. The method is based solely on one expense: food. It also inaccurately assumes that households today still spend one-third of their income on food when in fact the United States Department of Agriculture states the number is actually one-tenth, or 10 percent. Instead of food, households spend closer to one-third of their budget on housing (United States Bureau of Labor Statistics, Consumer Expenditure Survey). The Federal Poverty Thresholds exclude the actual costs of housing, health care, transportation, and other essential services. Although updated annually using the Consumer Price Index, the Federal Poverty Thresholds are calculated in the exact same way today, in 2009, as they were in 1962. According to a Senior Fellow at the Brookings Institute, no other economic statistic in use today relies on such antiquated methods. Moreover, this “one-size-fits-all” measurement tool does not take into account factors such as the significant variation in the cost of living across the states, counties, and cities, or the ages of household members; and

WHEREAS, Despite these significant shortcomings in the underlying data and methodology, the Federal Poverty Guidelines continue to be used to determine eligibility for 82 different state and federal programs, and are used by state and federal policymakers as a benchmark to determine funding allocations to local communities, and to justify cuts to public benefits. Without a precise poverty measurement tool, policy and fiscal decisions intended to tackle poverty will continue to be imprecise; and

WHEREAS, Many of California’s elders often do not receive any public assistance because their incomes are just above the official Federal Poverty Guidelines, and are therefore forced to make untenable choices among basic needs, such as choices between eating three meals a day, foregoing medications, or paying for shelter. Most of these elders have worked hard all of their lives, yet still struggle to pay their bills and live with dignity and economic security in their later years. Although often described as “falling through the cracks,” this group is neither small nor marginal, as that phrase suggests, but rather, it is a substantial proportion of California’s aging community; and

WHEREAS, Using the antiquated Federal Poverty Threshold, the United States Census Bureau reports that, for 2006, only 7.9 percent (295,000) of California’s elders live below the official poverty level. This is a significant underestimate of the numbers of Californians 65 years of age and older who do not have enough to adequately cover their most basic needs. A recent study conducted by the University of California, Los Angeles, in collaboration with the Insight Center for Community Economic Development, found that approximately 47 percent (1.76 million) of California’s elders 65 years of age and older do not have enough income to adequately cover their most basic needs, including food, shelter, medicine, and transportation, the study documents that approximately 40 percent (1.46

million) of California’s elders “fall through the cracks” because they have incomes above the official Federal Poverty Thresholds but below what they actually need to make ends meet in today’s economy; and

WHEREAS, A more sophisticated and updated 21st century calculation of poverty would provide a more accurate picture of the true economic needs of elders and their families; and

WHEREAS, The Elder Economic Security Standard Index (Elder Index) provides such a measure. Calculated by the University of California, Los Angeles, in partnership with the Insight Center for Community Economic Development, Wider Opportunities for Women, and the Gerontology Institute at the University of Massachusetts, Boston, the new Elder Index quantifies the actual costs elders, 65 years of age and older, face in meeting all of their basic needs including food, shelter, health care, transportation, utilities, and essential household items, in the private market; and

WHEREAS, The Elder Index is specific to the costs that elders face. It factors in state and local differences in the cost of living, as well as an elder’s housing situation and health care needs; and

WHEREAS, The Elder Index serves as the guiding tool for broad-based planning, evaluation, research, advocacy, and outreach at the national, state, and local levels. By 2012, each county in every state across the nation will have a customized Elder Index. Among the current five pilot states using the Elder Index, the State of Massachusetts is already using it for planning, programming, and increasing the asset limits for Medicaid home and community-based services from \$2,000 to \$10,000. The Pennsylvania Department of Aging, Illinois Congressional Representative Jan Schakowsky, and former Wisconsin State Assembly Speaker Michael Huebsch have also endorsed the Elder Index in their respective states; and

WHEREAS, A more accurate calculation of the poverty rate among elders will result in a more targeted distribution of federal funding to states to support elders, more effective programs, and strategic planning; and

WHEREAS, An updated measure would greatly assist in California and national efforts to promote economic security and eventually eradicate poverty; now, therefore, be it

*Resolved by the Assembly and the Senate of the State of California, jointly,* That the Legislature respectfully memorializes the President and the Congress of the United States to help ensure economic security for all elders; and be it further

*Resolved,* That the President and the Congress of the United States do all of the following:

(1) Ensure that federal policies and programs enable all elders and their families to meet their basic needs.

(2) Use the nationally recognized Elder Economic Security Standard Index to modernize all federal poverty measures and guidelines impacting elders and, by doing so, develop a more accurate measure of economic need among elders in the United States.

(3) Use the Elder Economic Security Standard Index to recalculate the number and demographic profile of elders whose basic needs are not being met.

(4) Use the Elder Economic Security Standard Index to evaluate the impact of public supports and any current or new federal initiatives to help elders age in place; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, the Majority Leader of the Senate, and to each Senator and Representative from California in the Congress of the United States.